

California Gambling Control Commission
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MINUTES OF OCTOBER 5, 2006
COMMISSION MEETING

OPEN SESSION

1. Call to Order and Pledge of Allegiance.

Chairman Shelton called the meeting to order at 1:30 p.m., and asked everyone to stand for the Pledge of Allegiance.

2. Roll Call of Commissioners.

Roll Call of Commissioners was taken with Chairman Shelton and Commissioners Cruz and Vuksich present.

Deputy Director Ciau announced that Agenda Items 4.C., Outlaws Card Parlor and 10.D., Michael Stan were being tabled.

3. Applications for State Gambling License Including All Associated Applicants and Endorsees (Pursuant to Business and Professions Code section 19851):
A. Crystal Hotel and Casino: Celebrity Casinos, Inc.

Deputy Director Ciau indicated that staff recommends that the temporary license be extended through December 31, 2006 for Crystal Hotel and Casino, Item 5.A. Upon motion of Commissioner Cruz, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz and Vuksich voting yes, the Commission extend the temporary license for Crystal Hotel and Casino through December 31, 2006.

- B. Oaks Card Club: Oaks Card Club, A Limited Partnership
i. Jack Tibbetts Trust
ii. Nora Ernst, Limited Partner

Deputy Director Ciau indicated that staff recommends that the Commission approve the initial applications for the Jack Tibbits Trust and Nora Ernst as a limited partner for the remaining license period through January 31, 2007. Upon motion of Commissioner Cruz, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz and Vuksich voting yes, the Commission adopted the staff recommendation.

4. Requests to Remove Condition from State Gambling License:

A. Golden West Casino

Deputy Director Ciau indicated that staff recommends that the existing condition on the state gambling license for Golden West Casino be removed. Upon motion of Chairman Shelton, seconded by Commissioner Cruz and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz and Vuksich voting yes, the Commission adopted the staff recommendation.

B. Lucky Chances Casino

Staff Counsel Hoganson indicated that the Commission received a request from Lucky Chances Casino to remove the wagering condition on the state gambling license based on passage of SB 1198. Staff Counsel Hoganson indicated that staff has reviewed the request and is recommending that the Commission remove the condition on the license effective January 1, 2007, the date that the bill goes into effect.

Michael Franchetti, attorney for Lucky Chances Casino, urged the Commission to consider removing the condition effective immediately.

Incorporated into the minutes as Attachment A are written comments submitted from James R. Parrinello, Attorney for Artichoke Joes, concerning Lucky Chances Casino.

Upon motion of Commissioner Vuksich, seconded by Commissioner Cruz and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz and Vuksich voting yes, the Commission adopted the staff recommendation.

C. Outlaws Card Parlour

Item 4.C. was tabled.

5. Request for Approval of Articles of Incorporation (Pursuant to Business and Professions Code Section 19881):

A. Axtion Jaxson Cardroom: Lodi Cardroom, Inc.

Staff Counsel Hoganson indicated that staff recommends approval of the Articles of Incorporation for Axtion Jaxson Cardroom, Item 5.A. Upon motion of Commissioner Cruz, seconded by Chairman Shelton and unanimously carried in a vote by roll call with

Chairman Shelton and Commissioners Cruz and Vuksich voting yes, the Commission adopted the staff recommendation.

B. Crystal Hotel and Casino: Celebrity Casinos, Inc.

Senior Legal Counsel Bolz indicated that staff recommends approval of the revised Articles of Incorporation for Crystal Hotel and Casino, Item 5.B. Upon motion of Commissioner Vuksich, seconded by Commissioner Cruz and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz and Vuksich voting yes, the Commission adopted the staff recommendation.

C. Hollywood Park Casino: Hollywood Park Casino Company, Inc.

Item 5.C. was tabled.

6. Requests for Approval of Sale of Existing Gambling Establishment (Pursuant to Business and Professions Code Section 19824(c)):

A. The 101 Casino: Cal Pac Sonoma LLC

Staff Counsel Hoganson indicated that staff recommends approval of the sale of The 101 Casino, Item 6.A., to Cal Pac Sonoma LLC. Upon motion of Chairman Shelton, seconded by Commissioner Cruz and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz and Vuksich voting yes, the Commission adopted the staff recommendation.

7. Request for Approval of Stock Purchase Agreement (Pursuant to Business and Professions Code section 19904):

The River Cardroom: River Cardroom, Inc

Staff Counsel Hoganson presented Item 7 to the Commission for its consideration on approval of the stock purchase agreement.

Michael Giacomini, seller of The River Cardroom, presented comments to the Commission concerning the agreement.

Tracy Buck-Walsh, attorney for buyers of The River Cardroom, presented comments to the Commission concerning the agreement.

Staff counsel Hoganson indicated that staff recommends approval of the stock purchase agreement for the River Cardroom, Item 7., based on the amendment of the stock purchase agreement, signed by both parties, that: *final payment shall be simultaneous with closure, and closure will not occur until three days after licensure by the Commission to operate the Casino of subject premises, and loan transaction is amended to have promissory note done on closing.* A copy of the Amendment to Stock Purchase Agreement is incorporated into the minutes as Attachment B.

Upon motion of Commission Cruz, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz and Vuksich voting yes, the Commission adopted the staff recommendation.

8. Applications for Renewal of State Gambling License Including All Associated Applicants and Endorsees: (Pursuant to Business and Professions Code section 19876):

A. Comstock Card Room: Joseph and Monica Melech, Sole Proprietorship

Deputy Director Ciau indicated that staff recommends that the Commission approve the renewal application for Comstock Card Room, Item 8.A. from November 1, 2006 through October 31, 2007. Upon motion of Commissioner Vuksich, seconded by Commissioner Cruz and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz and Vuksich voting yes, the Commission adopted the staff recommendation.

B. Poker Flats Casino: Terry Vargas, Sole Proprietor

Deputy Director Ciau indicated that staff recommends that the Commission approve the renewal application for the remaining license period from November 1, 2006 through July 31, 2007 for Poker Flats Casino, Item 8.B. Upon motion of Commissioner Cruz, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz and Vuksich voting yes, the Commission adopted the staff recommendation.

C. St. Charles Place: James E. Roos, Sole Proprietor

Deputy Director Ciau indicated that staff recommends that the Commission approve the renewal application for the remaining license period from November 1, 2006 through August 31, 2007 for Poker Flats Casino, Item 8.B. Upon motion of Chairman Shelton, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz and Vuksich voting yes, the Commission adopted the staff recommendation.

D. El Resbalon: Marcos Cabrera, Sole Proprietor

Deputy Director Ciau indicated that staff recommends that the Commission extend the state gambling license through November 30, 2006, for the El Resbalon, Item 8.D., so that the Cabrera family could be present at the meeting. Upon motion of Commissioner Cruz, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz and Vuksich voting yes, the Commission adopted the staff recommendation.

9. Requests for Additional Permanent Authorized Tables (Pursuant to California Code of Regulations, title 4, section 12359):
Player's Poker Club

Deputy Director Ciau indicated that staff concurs with the Division of Gambling Control's recommendation to approve the request for two additional tables for a total of six tables authorized on the license for Player's Poker Club, Item 9. Upon motion of Commissioner Vuksich, seconded by Commissioner Cruz and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz and Vuksich voting yes, the Commission adopted the staff recommendation.

10. Applications for Key Employee License (Pursuant to Business and Professions Code section 19854):

- A. Capitol Casino: Rossi, Amy
- B. Casino Club: Sengxay, Phyla
- C. Casino Real: Huynh, Ngoc
- D. The 101 Casino: Stan, Michael

Deputy Director Ciau indicated that staff recommends approval of the applications for a key employee license for Items 10.A. through 10.C. Upon motion of Chairman Shelton, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz and Vuksich voting yes, the Commission adopted the staff recommendation.

The Commission took no action on Item 10.D., which was tabled at the request of staff.

11. Applications for Key Employee License – Request For Withdrawal Without Prejudice (Pursuant to Business and Professions Code section 19869):

- A. Bay 101: Chadband, Steven; Zuber, Ronald
- B. Garlic City Club: Rivas, Raul
- C. Hawaiian Gardens Casino: King, Theresa
- D. Lucky Chances Casino: Fielder, Scott

Deputy Director Ciau indicated that staff recommends that the Commission approve, without prejudice, the requests for withdrawal of the application for a key employee license for Items 11. A. through 11.D. Upon motion of Commissioner Vuksich, seconded by Commissioner Cruz and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz and Vuksich voting yes, the Commission adopted the staff recommendation.

12. Applications for Work Permit (Pursuant to Business and Professions Code section 19912):

- A. Empire Sportsmen's Association: Huynh, Que
- B. Lake Bowl Cardroom: Fuji, Charles; Melgaard, Rachel

- C. Napa Valley Casino: Li, Jing Jing; Matrician, John; Matrician, Linda; Tan, Ah Moi;
- D. River Cardroom: Novak, Kim; Santellan, Karla; Tian, Ya Ping; Yan, Ying
- E. Sundowner Cardroom: Lee-Bowley, Alanis; Rangel, Fam
- F. The 101 Casino: Fisher, Jessica; Motil, Marilyn

Deputy Director Ciau indicated that staff recommends approval of the applications for a work permit for Items 12.A. through 12.F. Upon motion of Chairman Shelton, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz and Vuksich voting yes, the Commission adopted the staff recommendation.

- G. Merced Poker Room: Silva, Yer

Deputy Director Ciau indicated that staff recommends that the Commission deny the application of Yer Silva, Item 12.G.

Yer Silva presented comments to the Commission indicating that she requests an evidentiary hearing.

The Commission took no action on Item 12.G., which was referred to hearing.

13. Applications for Tribal-State Compact Key Employee Finding of Suitability (Authority Pursuant to the Tribal-State Gaming Compact, Section 6.4.4):

- A. Picayune Rancheria of the Chukchansi Indians – Chukchansi Gold Resort and Casino: Neveu, Michael

Deputy Director Ciau indicated that staff concurs with the Division's recommendation to deny the application for Tribal-State Compact Key Employee Finding of Suitability for Michael Neveu, Item 13.A. Upon motion of Commissioner Vuksich, seconded by Chairman Shelton and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz and Vuksich voting yes, the Commission adopted the staff recommendation.

- B. Tule River Indian Tribe of the Tule River Reservation – Eagle Mountain Casino: Phaphol, Phetsamone

Deputy Director Ciau indicated staff has received a written request for a hearing concerning the staff recommendation for denial of the application for Tribal-State Compact Key Employee Finding of Suitability for Phetsamone Phaphol, Item 13.B. The Commission took no action on the matter, which was referred to hearing.

14. Proposed Withdrawal of the TPPPS Registration Application Without Prejudice (Pursuant to Business and Professions Code section 19869):

- A. BJ Gaming, LLC:
Philip Chin-Jew

Robert Myers
Joe Coronado
Mostafa Nematnakhsh
Kim Demirjian
Chen Ouch
Jefferey Dickerson
Marco Paiz
Robert Floyd
Kevin Phlek
Francisco Hernandez
Augustine Rosales
Pee Ho
Babak Sattari-Tehrani
David Honandle
Teresa Simpson
Ming Huang
Consolacion Swinson
Neil Karzen
Connie Trinh
Lamphai Kho
Holly Wachter
Robert Lamb
Helen Wang
Casey Martin
John Weakly
Derek Mascia
Michael Winn
Yoeun Mon
Gary Winters

B. Certified Players, Inc.:

Emily Baker
Say Khin
Ricky Banh
Patrick LeBlanc
Monichan Chea
John Mac
Donna Dok
Sokhan Nay
Reagan Gabon
Ossa Sun
Peter Han

C. Good Business, Inc.:

Naseem Salem
Basim Elias
Thamir Hanna

- D. Pacific Palace, Inc.:
 - Po (Joseph) Chen
 - Sam Lu
 - Joken Fong
 - Amy Tiengthong
 - Jung Han
 - Sanh Ung
 - Kit Sze Leung
 - Bryan Wong
 - Cindy Liang
 - Patrick Wong
- E. Progressive Gaming Group, Inc.:
 - Brian McNett
 - Kiu Thin San

Deputy Director Ciau indicated that staff recommends approval, without prejudice, of the requests for withdrawal of the applications for TPPPS registration. Upon motion of Commissioner Cruz, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz and Vuksich voting yes, the Commission adopted the staff recommendation.

15. Proposed Withdrawal of the TPPPS Registration Application with Prejudice (Pursuant to Business and Professions Code section 19869):

- A. BJ Gaming, LLC:
 - Adam Maggs
- B. Certified Players, Inc.:
 - Jung Lee

Deputy Director Ciau indicated that staff recommends approval, with prejudice, of the requests for withdrawal of the applications for TPPPS registration. Upon motion of Commissioner Cruz, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz and Vuksich voting yes, the Commission adopted the staff recommendation.

CONSENT CALENDAR

16. Applications for Renewal Work Permit: (Authority Pursuant to Business and Professions Code section 19870):

- A. The 101 Casino: Castro, Maria; Lim, Kimto

17. Applications for Tribal-State Compact Key Employee Finding of Suitability Initials: Authority Pursuant to the Tribal-State Gaming Compact, section 6.4.4):

- A. Agua Caliente Band of Cahuilla Indians of the Agua Caliente Reservation
 - Agua Caliente Casino:
 - Petty, James
 - Wandell, Betty

- Wren, Sharon Zarate, Nellie
- B. Alturas Indian Rancheria - Desert Rose Casino: Belamy, Nichole
- C. Augustine Band of Cahuilla Mission Indians of the Augustine Reservation -
Augustine Casino:
Castillo, Ricardo Hafner, Keith
Lindberg, Jeanmarie Noyola, Vanessa
Rodriguez, Antonio
- D. Bear River Band of the Rohnerville Rancheria – Bear River Casino:
Ben-Kibby, Brandy Maynard, Kellen
- E. Blue Lake Rancheria – Blue Lake Casino:
Armstrong, Christopher Bamford, Yatch
- F. Cabazon Band of Mission Indians - Fantasy Springs Resort Casino:
Bingham, Michael Cossack Jr. Michael
Fendrick, James Khamvilaythong, Thongbay
Mach, Cuong Mardell, Michael
Ragland, Rodney Thornton, Selene
Tovar, Jesse Zavala, Manuel
- G. Cahuilla Band of Mission Indians – Cahuilla Creek Casino Resort: Long,
Lynette
- H. Campo Band of Diegueno Mission Indians of the Campo Indian
Reservation – Golden Acorn Casino & Travel Center:
Arreola, Maira
Royce, Wayne
- I. Chemehuevi Indian Tribe of the Chemehuevi Reservation – Havasu
Landing Resort Casino:
Bertrand, Curt Maki, Peggy
- J. Cher-Ae Heights Indian Community of the Trinidad Rancheria – Cher-Ae
Heights Casino:
Laos, Jonathan
- K. Dry Creek Rancheria of Pomo Indians of California – River Rock Casino:
Gow, Elise Marie Hoang, Chi
Horstman, Jared Lourence, Sherry
Main, Sokheap Mason, Bryan
Mariano, Fernando Martinez, Jason
McDonough-Harvey, Kimberly Richardson, Michael
Roofener, Jessica Runyan, Norman
Saetern, Lao Simon, Joshua
Smith, Steven Vaucresson, Rene
- L. Hopland Band of Pomo Indians of the Hopland Rancheria – Sho-Ka-Wah-
Casino & Bingo:
Bravo, Madeline
- M. Jackson Rancheria of Me-Wuk Indians of California – Jackson Rancheria
Casino, Hotel and Conference Center: Gambol, Christopher
- N. Mooretown Rancheria of Maidu Indians of California – Feather Falls
Casino:

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| | Bailey, Markus | |
| | Davis, Shawn | |
| | Loomis, Darrell | |
| | Smith Jr. Thomas | |
| O. | Morongo Band of Cahuilla Mission Indians of the Morongo Reservation - Casino Morongo: | |
| | Carrington, Justin | Fernandez, Franklin |
| | Inthasone, Richie | Johns, Christopher |
| | Johnson, Eric | Macias, Denise |
| | Majors, Matthew | McCharles, Peter |
| | Miller, Clay | Petal, Raven |
| | Rodriguez, Dana | Swant, Robyn |
| | Taylor, Michael | |
| | Yang, Tou | |
| P. | Pala Band of Luiseno Mission Indians of the Pala Reservation - Pala Casino: | |
| | Cagle, Elmer | Chau, Bobby |
| | Craig, William | Durr, Lavall |
| | Edwards, Melinda | Lloyd, Mitchell |
| | Martinez, Elaine | Newell, Robert |
| | Pino-Burnam, Mary | Roland, Kathleen |
| | Sapanaro, Louis | Schultz, Rickey |
| | Vicedo, Edgar | |
| Q. | Paskenta Band of Nomlaki Indians of California – Rolling Hills Casino: | |
| | Alf, Pamela | |
| R. | Pechanga Band of Luiseno Mission Indians of the Pechanga Reservation - Pechanga Gaming Center: | |
| | Fraser, Tanya | Grant, James |
| | Iwaki, Kyong Sook | Kelley, William |
| | Lalap, Phengsy | Martinez, Robert |
| | McDaniel, Bonnie | Nguyen, Hai |
| | Norris, Sherrie | Parker, Julie |
| | Rile, Scott | Savoie, Ronald |
| | Schultz, Laurie | Scott, Tina |
| | Tozar Jr. Edwin | Tran, Khoi |
| | White, Christina | Wong, Jay |
| S. | Picayune Rancheria of the Chukchansi Indians - Chukchansi Gold Resort and Casino: | |
| | Chia, Maria | Garza, Peter |
| | Plante, Keith | Smith, Chandra |
| | Wheeler, Thomas | |
| T. | Pit River Tribe – Pit River Casino: | |
| | Alvarez, Ramon | Bavetta, Amberly |
| U. | Redding Rancheria – Win-River Casino: Fifield, Julie | |
| | Rincon Band of Mission Indians - Harrah's Rincon Casino & Resort: | |

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| | Alsop, Alexia | Blair, Thomas |
| | Martinez, Elizabeth | McMahon, Frederick |
| | Murphy, Ryan | Nguyen, Hoang |
| | Rhymes, Ruth | Rowley, Glenn |
| | Scaduto, Antonio | Walker, Cynthia |
| V. | Rumsey Indian Rancheria of Wintun Indians of California - Cache Creek Casino Resort: | |
| | Cao, Bixin | Lee, Joey |
| | Martinez, Ramon | Phon, Sameth |
| | San, Lai | Sandidge, Bert |
| | Sokha, Hun | |
| W. | San Manuel Band of Serrano Mission Indians of the San Manuel Reservation – San Manuel Indian Bingo & Casino: Cassidy, Sandra | |
| X. | San Pasqual Band of Diegueno Mission Indians of California - Valley View Casino: | |
| | Adams, Lauri | Esparza, Allen |
| | Granillo, Angelina | Laird, Katharine |
| | Moua, Eileen | Myers, Gloria |
| | Natwick, Larry | Reynoso, Juan |
| | Yendes-Adams, Linda | |
| Y. | Santa Rosa Rancheria – The Palace Indian Gaming Center: | |
| | Chang, Joanie | Carter, Rob |
| | Jeff, Jacob | Scott, Robin |
| | Zapanta, Frederick | |
| Z. | Santa Ynez Band of Chumash Mission Indians of the Santa Ynez Reservation - Chumash Casino Resort: | |
| | Abayan, Dave | Aguiniga, Connie |
| | Bailey, Jeremy | Cortez, Alissa |
| | Estes, Hardy | Flores, Letitia |
| | Jenkins, Steven | Onley, Desmond |
| | Pepe, Louis | Peraita, Andrew |
| | Perdew, Anthony | Perez, Crystal-Ann |
| | Perkins, Brandon | Schaub, Hannah |
| | Smathers, Bonnie | Valencia Jr. Miguel |
| AA. | Soboba Band of Luiseno Indians – Soboba Casino: | |
| | Archer, Jared | Collett, Kelly |
| | Yuen, Gloria | |
| BB. | Sycuan Band of Diegueno Mission Indians of California – Sycuan Casino and Resort: | |
| | Chabot, Marguerite | Conley, Hezekiah |
| | Ehrlich, Michael | Hagoriles, Roger |
| | Jaboro, Robert | Otero, Romana |
| | Ruiz, Soyla | Showalter, James |
| | Smith, Rebecca | Thornton-Bencivenga, Sheila |
| | Twano, Emerito | Wollas, Maria |

- Wong, Danny
- CC. Table Mountain Rancheria of California - Table Mountain Casino:
- | | |
|----------------------|-------------------|
| Abbs, Joey | Dagatan, Arnold |
| Johnson, Gilbert | Kerbow, Jared |
| Patterson, Christina | Rankin, Brian |
| Snider, Peggy | Vasquez, Angelica |
| Xiong, Sia | |
- DD. Tule River Indian Tribe of the Tule River Reservation – Eagle Mountain Casino:
- | | |
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| Grijalva, Rose | Hunter, Dennis |
| Rodriguez, Joseph | |
- EE. Tuolumne Band of Me-Wuk Indians of the Tuolumne Rancheria of California – Black Oak Casino:
- | | |
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| Artzer, Melissa | Maddox, Matthew |
| Sanders, David | Wynne, Ryan |
- FF. Twenty-Nine Palms Band of Mission Indians – Spotlight 29 Casino:
- | | |
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| Orozco, Maxine | Quiroz, Nancy |
| Thomas, Chester | |
- GG. United Auburn Indian Community of the Auburn Rancheria of California - Thunder Valley Casino:
- | | |
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| Chan, Sarun | Gomez, Norma |
| Mooc, Cuang | Muma, Julie |
| Sacolo, Reynaldos | Saechao, Mei |
| Saechao, Wendy | Saeteurn, Saan |
| Sierra-Rubio, Cristina | Sirisombath, Soudarin |
| Smythe, L | Strickler, Sharon |
| Westcott, Ryan | |
- HH. Viejas (Baron Long) Group of Capitan Grande Band of Mission Indians of the Viejas Reservation – Viejas Casino & Turf Club:
- | | |
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| Atkins, Thomas | Fetting, Ricky |
| Wade, Shervon | |
18. Applications for Tribal-State Compact Key Employee Finding of Suitability Renewals: (Authority Pursuant to the Tribal-State Gaming Compact, section 6.4.4):
- A. Agua Caliente Band of Cahuilla Indians of the Agua Caliente Reservation – Agua Caliente Casino:
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| Moore, Dennis | Sheiha, Saleh |
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- B. Augustine Band of Cahuilla Mission Indians of the Augustine Reservation - Augustine Casino: Garcia, Oscar
- C. Elk Valley Rancheria – Elk Valley Casino: McClafflin, Nancy
- D. Jackson Rancheria of Me-Wuk Indians of California – Jackson Rancheria Casino, Hotel and Conference Center:
- | | |
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| O'Connor, Everett | Rowland, Helen |
|-------------------|----------------|
- E. Morongo Band of Cahuilla Mission Indians of the Morongo Reservation - Casino Morongo: Lane, Lawrence
- F. Pala Band of Luiseno Mission Indians of the Pala Reservation - Pala

- Casino:
- | | | |
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| | Nielsen, Carla | Page, Heidi |
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- G. Pechanga Band of Luiseno Mission Indians of the Pechanga Reservation – Pechanga Gaming Center:
- | | | |
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| | Boswell, Susan | Braun, Walter |
| | Collins, Patricia | Kozuma, Derrick |
| | Krauss, Robert | |
- H. Picayune Rancheria of the Chukchansi Indians - Chukchansi Gold Resort and Casino:
- | | | |
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| | Chapman, Christopher | Elias, Windy |
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- I. Quechan Tribe of the Fort Yuma Indian Reservation – Quechan Paradise Casino:
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| | Jackson, Antonio | |
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- J. Redding Rancheria – Win-River Casino:
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| | Couch, Heather | Perez, Cynthia |
| | Wilson, Walter | |
- K. Rincon Band of Mission Indians - Harrah's Rincon Casino & Resort:
- Tei, Vaelaa
- L. Santa Rosa Indian Community of the Santa Rosa Rancheria – The Palace Indian Gaming Center: Garcia, Diana
- M. Santa Ynez Band of Chumash Mission Indians of the Santa Ynez Reservation - Chumash Casino Resort:
- | | | |
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| | Caper, Stephen | Cruz, Jose |
| | Gomez, Raul | Gregg, Scott |
| | Hill, Verline | Navarro, Elizabeth |
- N. Susanville Indian Rancheria – Diamond Mountain Casino: James, Julie
- O. Tuolumne Band of Me-Wuk Indians of the Tuolumne Rancheria of California – Black Oak Casino: Foster, Kurt
- P. United Auburn Indian Community of the Auburn Rancheria of California - Thunder Valley Casino:
- | | | |
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| | Cabutotan, Rodel | Cabutotan, Rusty |
| | Lampkin, Janese | Le, Quan |
| | Schaer, Sean | |
- Q. Viejas (Baron Long) Group of Capitan Grande Band of Mission Indians of the Viejas Reservation – Viejas Casino & Turf Club:
- | | | |
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| | Keeley, Steven | Le, Israelita |
| | Pampolina, Charles | Zermeno, Alfredo |

Deputy Director Ciau indicated that the following Consent Calendar items were being tabled: Brandy Ben-Kibby, Bear River; Yatch Bamford, Blue Lake; Peter McCharles, Morongo; William Kelley, Tanya Fraser, Robert Martinez, and Julie Parker, Pechanga; Julie Fifield, Win-River; Ramon Martinez, Cache Creek; Angelina Granillo, Valley View and Louis Pepe, Chumash. Deputy Director Ciau then indicated that staff recommends approval of the Consent Calendar Upon motion of Commissioner Cruz, seconded by

Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz and Vuksich voting yes, the Commission adopted the staff recommendation.

PUBLIC COMMENT

There were no comments from the public during this portion of the meeting.

CLOSED SESSION:

At 2:10 p.m. the Commission adjourned to Closed Session after Chairman Shelton announced that the Commission would adjourn to Closed Session under the authority of Government Code section 11126(e) to discuss pending litigation.

RECONVENE OPEN SESSION

Chairman Shelton reconvened the meeting at 2:38 p.m. with Commissioners Cruz and Vuksich present.

ADJOURNMENT

Chairman Shelton adjourned the meeting at 2:40 p.m.

LAW OFFICES OF
NIELSEN, MERKSAMER,
PARRINELLO, MUELLER & NAYLOR, LLP

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September 26, 2006

Dean Shelton
Chairman
California Gambling Control Commission
2399 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833

Re: Lucky Chances Casino---10/5/06 Hearing

Dear Chairman Shelton:

I write to comment briefly on the request by Lucky Chances to be relieved of its obligation to comply with Business and Professions Code section 19962 between 10/5 and 12/31/2006. This letter is written on behalf of Artichoke Joes.

As you know, by letter dated July 29, 2005, and in subsequent writings, the Division has stated unequivocally that Lucky Chances is required by section 19962 to limit bets to the \$200 limit in effect on January 1, 1996. The Commission has ratified the Division's position, notwithstanding objections by Lucky Chances.

Thereafter, Lucky Chances successfully lobbied for the passage of SB 1198 to delete wagering limits from the list of items that are considered an "expansion of gambling." SB1198 was recently passed by the Legislature and signed by the Governor. It was not, however, urgency legislation, so it only becomes effective January 1, 2007. (Cal. Const. Art. IV § 8.)

Lucky Chances now asks the Commission to authorize it to immediately take bets in excess of \$200, even though SB1198 does not go into effect until next year. The Commission should deny this request for several reasons. First, the law does not change until January 1 and the Legislature found no "urgency." Second, the Commission has no authority to excuse Lucky Chances from complying with the existing law. Third, there is no merit to Lucky Chances' claim that SB1198 merely "clarified" existing law. The Legislative Counsel's Digest, bill analyses and committee reports clearly demonstrate that the bill "changed" existing law and did not merely "clarify" it as Lucky Chances now

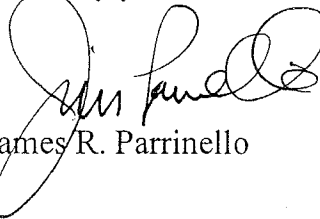
Dean Shelton, Chairman
September 26, 2006
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contends. (See pertinent legislative history submitted herewith; see also declaration from Alan Edelstein affirming that in all legislative sessions it was represented by supporters of the bill that a change in the law was necessary, not merely "clarification.")

Finally, we recognize that Lucky Chances will contend that "fairness" vis-à-vis Artichoke Joes supports its request. In response, we ask you consider the following: Lucky Chances ran unlimited wagering for almost 7 years in violation of the moratorium, which enabled Lucky Chances to take many millions of dollars of business from Artichoke Joes and forced Artichoke Joes to eliminate 100 jobs.

Thank you for your consideration of this letter.

Sincerely yours,



James R. Parrinello

JRP/pas
Enclosures
[2049.01]

cc: Cy Rickards
(w/enclosures)

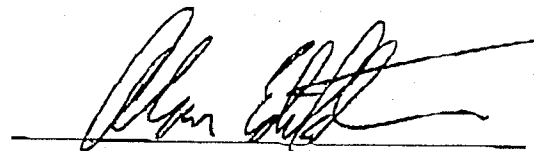
cc: Alan Titus
(w/enclosures)

DECLARATION OF ALAN EDELSTEIN

Alan Edelstein declares under penalty of perjury as follows:

1. I submit this declaration because I will be out of the country on October 5 and unable to attend the Commission's hearing. I am a registered lobbyist and represented Artichoke Joes in the Legislature opposing passage of SB1198.
2. I attended all committee and floor hearings on SB1198.
3. Supporters of the bill represented that it was a necessary change to existing law. They claimed that such a change was necessary to forestall claims that up to 30 cities were violating existing law. The message that was communicated was that a "level playing field" would be created by deleting betting limits from the definition of "expansion" of gaming for purposes of the moratorium on expansion.

I declare that the following is true and correct of my own personal knowledge, and I could competently testify thereto. Executed under the laws of the State of California on September 26, 2006 at Sacramento, California.



Alan Edelstein



BILL NUMBER: SB 1198 CHAPTERED
BILL TEXT

CHAPTER 181

FILED WITH SECRETARY OF STATE AUGUST 28, 2006

APPROVED BY GOVERNOR AUGUST 28, 2006

PASSED THE ASSEMBLY AUGUST 14, 2006

PASSED THE SENATE MAY 30, 2006

AMENDED IN SENATE MAY 23, 2006

AMENDED IN SENATE APRIL 20, 2006

AMENDED IN SENATE APRIL 17, 2006

INTRODUCED BY Senator Florez

JANUARY 24, 2006

An act to amend Sections 19961 and 19962 of the Business and Professions Code, relating to gambling.

LEGISLATIVE COUNSEL'S DIGEST

SB 1198, Florez Local gambling.

(1) Existing law, the Gambling Control Act, provides for the licensure and regulation of various legalized gambling activities and establishments by the California Gambling Control Commission and the investigation and enforcement of those activities and establishments by the Division of Gambling Control within the Department of Justice.

The act requires any amendment to an ordinance that would result in an expansion of gambling, as defined, in a city, county, or city and county that permits controlled gambling, to be approved by a majority of the voters of the city, county, or city and county, unless the change results in an increase of less than 25% of, among other things, the maximum amount permitted to be wagered in a game.

This bill would revise the definition of "expansion of gambling" to remove an increase of 25% or more in the amount permitted to be wagered in a game from the definition. The bill would also apply the definition of "expansion of gambling" used in that provision to additional provisions of the Gambling Control Act.

(2) The Gambling Control Act provides that until January 1, 2010, an ordinance in effect on January 1, 1996, that authorizes legal gaming within a city, county, or city and county is prohibited from being amended to expand gaming in that jurisdiction beyond that permitted on January 1, 1996.

This bill would revise that provision to prohibit an ordinance that authorizes legal gaming from being amended to provide for an expansion of gambling, as defined in a related provision within the Gambling Control Act. The bill would also authorize any city, county, or city and county to amend its ordinance regarding wagering limits.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 19961 of the Business and Professions Code is amended to read:

19961. (a) (1) Except as provided in paragraph (2), on or after the effective date of this chapter, any amendment to any ordinance

that would result in an expansion of gambling in the city, county, or city and county, shall not be valid unless the amendment is submitted for approval to the voters of the city, county, or city and county, and is approved by a majority of the electors voting thereon.

(2) Notwithstanding paragraph (1) and Section 19962, an ordinance may be amended without the approval of the electors after the effective date of this chapter to expand gambling by a change that results in an increase of less than 25 percent with respect to any of the matters set forth in paragraphs (1), (2), (3), and (5) of subdivision (b). Thereafter, any additional expansion shall be approved by a majority of the electors voting thereon.

(b) For the purposes of this article, "expansion of gambling" means, when compared to that authorized on January 1, 1996, or under an ordinance adopted pursuant to subdivision (a) of Section 19960, whichever is the lesser number, a change that results in any of the following:

(1) An increase of 25 percent or more in the number of gambling tables in the city, county, or city and county.

(2) An increase of 25 percent or more in the number of licensed card rooms in the city, county, or city and county.

(3) An increase of 25 percent or more in the number of gambling tables that may be operated in a gambling establishment in the city, county, or city and county.

(4) The authorization of any additional form of gambling, other than card games, that may be legally played in this state, to be played at a gambling establishment in the city, county, or city and county.

(5) An increase of 25 percent or more in the hours of operation of a gambling establishment in the city, county, or city and county.

(c) The measure to expand gambling shall appear on the ballot in substantially the following form: "Shall gambling be expanded in _____ beyond that operated or authorized on January 1, 1996, by _____ (describe expansion) Yes _____ No _____."

(d) The authorization of subdivision (c) is subject to Sections 19962 and 19963 until those sections are repealed.

(e) Increasing the number of games offered in a gambling establishment does not constitute an expansion of gambling pursuant to this section.

(f) No city, county, or city and county shall amend its ordinance in a cumulative manner to increase gambling by more than 25 percent for the factors listed in subdivision (b), when compared to that authorized on January 1, 1996, without conducting an election pursuant to this section.

SEC. 2. Section 19962 of the Business and Professions Code is amended to read:

19962. (a) On and after the effective date of this chapter, neither the governing body nor the electors of a county, city, or city and county that has not authorized legal gaming within its boundaries prior to January 1, 1996, shall authorize legal gaming.

(b) An ordinance in effect on January 1, 1996, that authorizes legal gaming within a city, county, or city and county may not be amended to provide for an expansion of gambling, as defined in Section 19961, in that jurisdiction beyond that permitted on January 1, 1996.

(c) Notwithstanding any other provision of law, a city, county, or city and county may amend its ordinance regarding wagering limits.

(d) This section shall remain operative only until January 1, 2010, and as of that date is repealed.



SENATE RULES COMMITTEE	SB 1198
Office of Senate Floor Analyses	
1020 N Street, Suite 524	
(916) 651-1520	Fax: (916)
327-4478	

THIRD READING

Bill No: SB 1198
Author: Florez (D)
Amended: 5/23/06
Vote: 21

SENATE GOVERNMENTAL ORG. COMMITTEE : 7-1, 4/25/06
AYES: Florez, Denham, Margett, McClintock, Romero, Soto,
Vincent
NOES: Battin
NO VOTE RECORDED: Chesbro

SUBJECT : Local gambling: wagering limits

SOURCE : Author

✓ DIGEST : This bill deletes wagering limits from the list of items that are considered expansion of gambling pursuant to the current moratorium on the expansion to gaming existing in a local city or county entity. This bill also makes several other technical and conforming changes.

Senate Floor Amendments of 5/23/06 were taken at the request of the Office of the Attorney General, and are technical and clarifying to conform to current statutes, and clarifying that a specified ordinance may be amended as it relates to wagering limits.

ANALYSIS : Existing law, under the Gambling Control Act of 1997, established the California Gambling Control Commission (Commission) to regulate legal gambling in

CONTINUED

California, and the Division of Gambling Control (Division) within the Department of Justice to investigate and enforce controlled gambling activities in California.

Existing law provides that until January 1, 2010, neither the governing body nor the electors of a city, county, or city and county that has authorized legal gambling within its boundaries prior to January 1, 1996, shall authorize legal gambling. Until January 1, 2010, the Commission is prohibited from issuing a gambling license to an establishment that was not licensed to operate on December 31, 1999, unless an application to operate the establishment was on file with the Division prior to September 1, 2000.

✓ This bill revises the current definition of "expansion of gambling" to remove an increase of 25 percent or more in the amount permitted to be wagered in a game from the definition. This bill also makes the definition of "expansion of gambling" used in that provision apply to additional provisions of the Gambling Control Act.

The Gambling Control Act provides that until January 1, 2010, an ordinance in effect on January 1, 1996, that authorizes legal gaming within a city, county, or city and county from being amended to expand gaming in that jurisdiction beyond that permitted on January 1, 1996.

✓ This bill revises that provision to prohibit an ordinance that authorizes legal gaming from being amended to provide for an expansion of gambling, as defined in a related provision within the Gambling Control Act.

This bill also authorizes any city, county, or city and county to amend its ordinance regarding wagering limits.

Comments

According to the Senate Governmental Organization Committee analysis, AB 635 (Bermudez) 2005-06 Session, as amended at the time, allowed the Town of Colma to retroactively amend their gambling ordinance to allow for higher wagering limits in response to a letter received from the Division of Gambling Control in the Department of Justice, advising

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Colma that the wagering limits section of its present gambling ordinance was out of compliance with current law

(Sections 19961 and 19962 of the Business and Professions Code).

This bill removes the issue of wagering limits from the expansion of gambling sections of the Gambling Control Act, so that the legislation will allow the city council or the board of supervisors to determine the appropriate wagering limit in any jurisdiction. The current moratorium precludes a city or county from making an increase to their wagering limits.

FISCAL EFFECT : Appropriation: No Fiscal Com.: No
Local: No

SUPPORT : (Verified 5/24/06)

Capitol Casino
Club Normandie
Club San Rafael
Crystal Casino
Hawaiian Gardens Casino
Hollywood Park Casino
Lucky Derby
Lucky Lady Casino
Ocean's Eleven Casino
Office of the Attorney General
Phoenix Casino
The Bicycle Casino
The Commerce Casino
The Hustler Casino
The Lake Bowl Cardroom
The Players Club
The Rancho Club
The Silver Fox
The Village Club

OPPOSITION : (Verified 5/24/06)

Artichoke Joe's
California Coalition Against Gambling Expansion

ARGUMENTS IN SUPPORT : Supporters state that a recent

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review by the Division has found that there are some thirty gambling establishments situated in cities that have ordinances which arguably, are not in compliance with the Gambling Control Act. These ordinances in some cases do not mention the issue of gambling limit at all, and in other jurisdictions, the establishment of a wagering limit is delegated to the card club owner. The Office of the

Attorney General is of the opinion that if an ordinance delegates the establishment of a wagering limit to the card club owner, that ordinance is non-compliant.

Supporters feel that having limitation on wagering amounts is of dubious use today, in view of internet gambling, and the ability of an individual to go to a neighboring jurisdiction to gamble where there is no wagering limit or where the wagering limit is much greater than that in the gambling establishments closer to home.

Among the supporters, the Office of the Attorney General believes that by eliminating wagering limits as a potential element of gambling expansion, this bill will provide a level playing field for all affected local jurisdictions in the exercise of their authority to regulate this aspect of controlled games. Supporters contend that this bill addresses the need to resolve concerns regarding the fairness of existing statutory provisions.

ARGUMENTS IN OPPOSITION : In strong opposition to this bill, Artichoke Joe's feel that this bill is a continuation of an ill-advised effort begun at the end of last year's legislative session with an amendment to AB 635 (Bermudez).

The opponents believe this bill is a thinly disguised effort to provide additional revenues to one card room, Lucky Chances, and one city, Colma, that flagrantly and they feel, knowingly violated the law on a long-term basis and misrepresented the facts and its intentions to the public and regulators. The conduct of the Town of Colma and the card room is unfair to competitors, the surrounding community, and other cities that follow the law.

Also in opposition, the California Coalition Against Gambling Expansion (CAGE), states that California has seen an historic explosion in all forms of gambling during the past decade, including Tribal casinos, multi-state lottery

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ventures, charitable gambling, and horse racing offerings. They believe that the existing moratorium on card club operations must be preserved, and that the recent vote in Colma approving the expanding of wagering limits was a "misleading act of futility" that did not take into account that unlimited wagering will have on surrounding communities.

TSM:mel 5/24/06 Senate Floor Analyses

SUPPORT/OPPOSITION: SEE ABOVE

***** END *****



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SENATE THIRD READING
SB 1198 (Florez)
As Amended May 23, 2006
Majority vote

SENATE VOTE : 22-9

GOVERNMENTAL ORGANIZATION 13-2 LOCAL GOVERNMENT 4-0

Ayes:	Jerome Horton, Mountjoy, Aghazarian, Bermudez, Calderon, Chavez, Coto, Garcia, La Suer, Levine, Negrete McLeod, Torrico, Niello	Ayes:	Salinas, Emmerson, De La Torre, Houston
Nays:	Liu, Yee		

✓ SUMMARY : Deletes wagering limits from the list of items that are considered an expansion of gambling pursuant to the current moratorium on the expansion to gaming existing in a local city or county entity. Makes several other technical and conforming changes.

EXISTING LAW :

- 1) Establishes, under the Gambling Control Act of 1997 (Act), the California Gambling Control Commission (Commission) to regulate legal gambling in California, and the Division of Gambling Control (Division) within the Department of Justice to investigate and enforce controlled gambling activities in California.
- 2) Requires the Commission to deny a gambling license with respect to any gambling establishment that is located in a city, county, or city and county that does not have an ordinance governing all of the following matters:
 - a) The hours of operation of gambling establishments;
 - b) Patron security and safety in and around the gambling

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establishments;

- c) The location of gambling establishments;
- d) Wagering limits in gambling establishments; and,
- e) The number of gambling tables in each gambling establishment and in the jurisdiction.

1) Provides, until January 1, 2010, neither the governing body nor the electors of a city, county, or city and county that has authorized legal gambling within its boundaries prior to January 1, 1996, shall authorize legal gambling. Until January 1, 2010, the Commission is prohibited from issuing a gambling license to an establishment that was not licensed to operate on December 31, 1999, unless an application to operate the establishment was on file with the division prior to September 1, 2000.

FISCAL EFFECT : Unknown

✓ COMMENTS : This bill removes the issue of wagering limits from the expansion of gambling sections of the Gambling Control Act, so that the legislation will allow the City Council or the Board of Supervisors to determine the appropriate wagering limit in any jurisdiction. The current moratorium precludes a city or county from making an increase to their wagering limits.

Supporters state that a recent review by the Division of Gambling Control has found that there are some 30 gambling establishments situated in cities that have ordinances which arguably, are not in compliance with the Act. These ordinances, in some cases, do not mention the issue of gambling limit at all, and in other jurisdictions, the establishment of a wagering limit is delegated to the card club owner. Attorneys are of the opinion that if an ordinance delegates the establishment of a wagering limit to the card club owner, that ordinance is non-compliant.

Supporters believe those ordinances allowing the owner to set the wagering limit are non-compliant, and that the limit should be implicitly set forth in the local ordinance as was the intent of the Act. Thus, those cities that have an ordinance that delegated the establishment of a wagering limit to the card club have a clear advantage over other cities where, in fact, there is a fixed amount specified in the ordinance.

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Supporters feel that having a limitation on wagering amounts is of dubious use today, in view of Internet gambling, and the ability of an individual to go to a neighboring jurisdiction to gamble where there is no wagering limit or where the wagering limit is much greater than that in the gambling establishments closer to home.

Among the supporters, the Attorney General's Office believes that by eliminating wagering limits as a potential element of gambling expansion, this measure will provide a level playing field for all affected local jurisdictions in the exercise of their authority to regulate this aspect of controlled games. This bill addresses the need to resolve concerns regarding the fairness of existing statutory provisions.

In opposition to this bill, Artichoke Joe's feel that this bill is a continuation of an ill-advised effort begun at the end of last year's legislative session with an amendment to AB 635 (Bermudez). The opponents believe this bill is a thinly disguised effort to provide additional revenues to one card room, Lucky Chances, and one city, Colma, that they feel flagrantly and knowingly violated the law on a long-term basis and misrepresented the facts and its intentions to the public and regulators. The conduct of the Town of Colma and the card room is unfair to competitors, the surrounding community, and other cities that follow the law.

The opposition also states that the latest version of this bill does nothing to cure the alleged problem. The proponents claim that more than 20 cities fail to comply with a provision not amended by the bill, requiring cities to govern gaming limits. However, the Division has consistently read that statute to allow cities to decline to set limits, so long as they affirmatively "address" the subject, and the Division has approved all of the ordinance in these cities and continues to renew licenses in those cities.

The Town of Colma has about 1,000 living residents. It is made up primarily of cemeteries, car dealerships, big box retailers, and for the last decade, the Lucky Chances Card Room. It represented that it would have strict gambling limits and received approval from the voters by the slimmest of margins. Now that the state is finally enforcing the moratorium as it applies to wagering limits, Colma and Lucky Chances come to the

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Legislature for relief.

California's card rooms, their employees, and their communities are faced with many challenges. First and foremost is the

challenge of off-reservation urban gambling and slot machines. Artichoke Joe's would much prefer to see the Legislature address this issue rather than advance a bill that they believe unfairly lifts the moratorium for one city and one card room that violated the law for seven years.

Also in opposition, the California Coalition Against Gambling Expansion, states that California has seen an historic explosion in all forms of gambling during the past decade, including Tribal casinos, multi-state lottery ventures, charitable gambling, and horse racing offerings. They believe that the existing moratorium on card club operations must be preserved, and that the recent vote in Colma approving the expanding of wagering limits was a "misleading act of futility" that did not take into account that unlimited wagering will have on surrounding communities.

Analysis Prepared by : Chris Lindstrom / G. O. / (916)
319-2531

FN: 0015675

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Date of Hearing: June 28, 2006

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Simon Salinas, Chair

SB 1198 (Florez) - As Amended: May 23, 2006

SENATE VOTE : 22-9SUBJECT : Local gambling.

✓ SUMMARY : Deletes increased wagering limits from the list of things considered an expansion of gambling under the Gambling Control Act of 1996. Specifically, this bill :

- ✓ 1) Deletes from the definition of "expansion of gambling" a change to a city, county, or city and county's gaming ordinance that would result in an increase of 25% or more in the maximum amount permitted to be wagered in a game.
- 2) Allows a city, county, or city and county to amend its gaming ordinance regarding wagering limits.

EXISTING LAW :

- 1) Establishes, under the Gambling Control Act of 1997, the California Gambling Control Commission (Commission) to regulate legal gambling in California, and the Division of Gambling Control within the Department of Justice to investigate and enforce controlled gambling activities in California.
- 2) Requires the Commission to deny a gambling license with respect to any gambling establishment that is located in a city, county, or city and county that does not have an ordinance governing all of the following:
- a) The hours of operation of gambling establishments;
 - b) Patron security and safety in and around gambling establishments;
 - c) The location of gambling establishments;
 - d) Wagering limits in gambling establishments; and

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- e) The number of gambling tables in each gambling establishment and in the jurisdiction.
- 3) Prohibits, until January 1, 2010, a city, county, or city and county that had an ordinance in effect on January 1, 1996, authorizing legal gaming from amending the ordinance to expand gaming in the jurisdiction.
- 4) Defines "expansion of gambling" as a change to the jurisdiction's gaming ordinance that would result in any of the following:
- a) An increase of 25% or more in the number of gambling tables in the jurisdiction;
 - b) An increase of 25% or more in the number of licensed card rooms in the jurisdiction;
 - c) An increase of 25% or more in the number of gambling tables that may be operated in a gambling establishment in the jurisdiction;
 - d) The authorization of any additional form of gambling, other than card games, to be played at a gambling establishment in the jurisdiction;
 - e) An increase of 25% or more in the hours of operation of a gambling establishment in the jurisdiction; or
 - f) An increase of 25% or more in the maximum amount permitted to be wagered in a game.
- 5) Requires an amendment to a local gaming ordinance that would result in an expansion of gambling to be submitted to the voters and approved by a majority vote.

FISCAL EFFECT : None

COMMENTS :

- 1) Current law, the Gambling Control Act of 1996, places a moratorium on the expansion of gambling. Under the moratorium, a local jurisdiction that had not done so prior to January 1, 1996, may not authorize legal gaming. For jurisdictions that had authorized legal gaming prior to January 1, 1996, the moratorium prohibits them from amending

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their gaming ordinance in a way that would be considered an

expansion of gambling. "Expansion of gambling" is defined as a change to a local gaming ordinance that would result in a variety of things, including an increase of 25% or more in the maximum amount permitted to be wagered in a game. The moratorium expires on January 1, 2010.

- 2) A recent review by the Division of Gambling Control (Division) found that there are at least 30 gambling establishments operating in cities that have gaming ordinances that, "arguably," according to the Division, are out of compliance with the Gambling Control Act because the ordinances delegate the establishment of wagering limits to individual card room owners rather than establishing wagering limits in the ordinance itself. If the Division were to deem these ordinances out of compliance with state law, the cities believe that they would be in an impossible position because amending their ordinances to explicitly state a wagering limit would likely be deemed an expansion of gambling in violation of the existing moratorium.
- 3) There is tremendous disagreement as to whether or not local gaming ordinances that delegate the responsibility for setting wagering limits to card room owners are in compliance with the gambling control act. Supporters of this measure believe that the intent of the Gambling Control Act was for wagering limits to be explicitly stated in the local gaming ordinance. This position seems to be supported by at least one provision of the Gambling Control Act, which requires a local gaming ordinance to "set forth" wagering limits when it first appears on the ballot. Supporters also argue that giving card room owners the ability to set wagering limits is an unlawful delegation of legislative authority.
- 4) Opponents argue that local ordinances must simply address the issue of wagering limits, either by explicitly stating them or by delegating that responsibility to card room owners. They point to another section of the Gambling Control Act, which requires the Gambling Control Commission to deny a gambling license to an establishment that is located in a city or county that does not have an ordinance "governing" wagering limits. They also point to the fact that the Division of Gambling Control has not informed any of the cities that have

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ordinances that delegate the setting of wagering limits to card room owners that they are out of compliance with the law, and in fact has in the past found such ordinances to be in compliance.

5) Separate from the issue of whether or not their ordinances are in compliance, communities in which the gaming ordinance delegates the ability to set wagering limits to card room owners have a clear advantage over communities in which the gaming ordinance explicitly sets forth the wagering limits. Due to the current moratorium on the expansion of gambling, communities in which the wagering limit is stated in the ordinance may not increase the limit by more than 25%. On the other hand, in communities where the issue of wagering limits is in the hands of card room owners, the wagering limits could double or even triple without violating the moratorium. At the very least, the situation appears to be tremendously unfair to communities that followed what they believed to be the letter of the law by stating a specific wagering limit in their gaming ordinance.

✓ 6) SB 1198 removes an increase in wagering limits from the definition of expansion of gambling under the Gambling Control Act, thus enabling cities to amend their local gaming ordinance in relation to wagering limits without violating the current moratorium on the expansion of gambling, and without a vote of the people (which already happens in cities where wagering limits are set by card room owners). SB 1198 would not put to rest the ongoing confusion regarding the proper way to deal with wagering limits in a local gaming ordinance, although should the Division of Gambling Control decide definitively that ordinances that delegate the setting of wagering limits to card room owners are out of compliance with the law, SB 1198 would ensure that those cities could come into compliance without violating the moratorium.

7) Supporters argue that having a limitation on wagering amounts is of dubious use today in light of Internet gambling and the ability of an individual to gamble in a neighboring jurisdiction where the wagering limit is much greater than that in the gambling establishments closer to home. Among the supporters, the Attorney General's Office believes that by eliminating wagering limits as an element of gambling expansion, SB 1198 will provide a level playing field for all affected local jurisdictions and card clubs with respect to

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wagering limits and will address the need to resolve concerns regarding the fairness of existing statutory provisions.

8) In opposition, Artichoke Joe's feels that this measure is a continuation of an ill-advised effort begun at the end of last year's legislative session with an amendment to AB 635 (Bermudez). They argue that this bill is a thinly disguised attempt to provide additional revenues to one card room, Lucky Chances, and one city, Colma, that they feel flagrantly and

knowingly violated the law on a long-term basis and misrepresented the facts and its intentions to the public and regulators.

9) Also in opposition, the California Coalition Against Gambling Expansion (CAGE), states that California has seen an historic explosion in all forms of gambling during the past decade, including tribal casinos, multi-state lottery ventures, charitable gambling, and horse racing offerings. It, along with other opponents, believes that the existing moratorium on card club operations must be preserved as currently established, with wagering limits included within the definition of expansion of gambling. Opponents argue that wagering limits are just as relevant to the discussion of gambling expansion as the number of card rooms, the number of tables in card rooms, or the hours of operation of card rooms.

10) Related legislation : AB 1973 (Bermudez) would, among other provisions, extend the current moratorium on the expansion of gambling through January 1, 2015. AB 635 (Bermudez, 2005) was amended on the Senate floor to allow the Town of Colma to retroactively amend its gaming ordinance after having been informed by the Division of Gambling Control that its ordinance was out of compliance with the Gambling Control Act. The bill was then amended back to a previous version and became Chapter 694, Statutes of 2005.

11) This bill has been double-referred to the Committees on Governmental Organization, where it passed with a 13-2 vote on June 21, 2006, and to Local Government.

REGISTERED SUPPORT / OPPOSITION :

Support

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Town of Colma [SPONSOR]
Attorney General
Bicycle Casino
California Cities for Self Reliance Joint Powers Authority
Capital Casino
Club San Rafael
Commerce Casino
Crystal Casino
Hollywood Park Casino
Lucky Derby
Lucky Lady Casino
Normandie Casino

Ocean's Eleven Casino
Phoenix Casino
Village Club

Opposition

Artichoke Joe's
Asian Pacific Islander Problem Gambling Task Force
CA Coalition Against Gambling Expansion
CA Commission on Asian & Pacific Islander American Affairs
Vietnamese Voluntary Foundation

Analysis Prepared by : Anya Lawler / L. GOV. / (916) 319-3958

Amendment to Stock Purchase Agreement

The following is an Amendment to the Stock Purchase Agreement executed on June 14, 2006, and amended July 31, 2006, by Michael Giacomini and Ray Allena, collectively referred to therein as "Seller" (or "Sellers" where appropriate) and John Park and Wendy Park, collectively referred to therein as "Buyer" (or "Buyers" where appropriate).

Paragraph 1.3 is amended to read:

1.3 Final Payment. Payment shall be simultaneous with closure.

Five Hundred Thousand Dollars (\$500,000.00) to Sellers by certified check or cashier's check, subject to the offsets that are set forth below.

This Agreement is subject to the approval of the Commission and Division of Gambling Control as to the issuance to Park of a gambling establishment license, the approval by the City of Petaluma of Park to operate a cardroom/casino within the City of Petaluma, if such is required, and compliance with all ordinances concerning the transfer of businesses and licensing of businesses other than gambling establishment licenses.

Paragraph 8.1 is amended to read:

8.1 Loan Transaction.

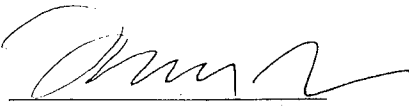
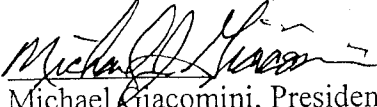
On Closing, RCR shall execute a Promissory Note in the amount of Three Hundred Thousand Dollars (\$300,000.00) to John Park. Buyer shall lend such funds to RCR by advancing such funds to Robert A. Sternberg, as "Special Escrow," for the payment of certain obligations or RCR. A photocopy of the Promissory Note is set forth as Exhibit "D" hereof.

Paragraph 14.1 is amended to read:

14.1 Closing: Closing is contingent upon and shall occur three days after licensure by the Commission of Buyer to operate the casino located at the Subject Premises.

Paragraph 14.4 is deleted.

IN WITNESS WHEREOF, the Parties to this Agreement have duly executed it as of the first date set forth above.

<p>BUYER:</p>  <p>Tracey Buck-Walsh Authorized Representative for Buyer</p> <p style="text-align: right;">10/5/06</p>	<p>SELLERS:</p> <p>The River Cardroom, Inc.</p>  <p>Michael Giacomini, President and Individually And on behalf of Ray Allena, Secretary and Individually</p> <p style="text-align: right;">10/5/06</p>
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